in the above circular such as prescribing an appropriate prior approval process for sanctioning such loans, incorporating a reasonable and justified risk premium in the interest rate charged by the banks, fixing justifiable interest and all other charges levied on a loan as well as ceiling thereof, etc. The banks have been advised to suitably publicise its policy in this regard.

Further, RBI has, *vide* its circular dated 23rd July, 2008, advised the banks that the instructions contained in RBI circular dated 7th May, 2007 in respect of small value personal loans and loans similar in nature, would apply to credit card dues also.

Competition between PSU and private sector banks

2411. SHRI O.T. LEPCHA: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Public Sector Undertaking (PSU) banks are losing business to private sector domestic banks;

(b) if so, the details thereof; and

(c) the steps being taken to boost the working of PSU banks so as to enable them to compete with private sector banks efficiently?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Public sector banks (PSBs) account for the majority of market share (around 70%) of the entire banking system as at end March 2007 and March 2008. In terms of capital adequacy, both PSBs as well as private sector banks are well above the regulatory requirement of 9% of Capital to Risk Weighted Asset Ratio (CRAR). As regards the performance indicators measured by return on assets (ROA) and return on equity (ROE), ROA of PSBs stood lower than private sector banks mainly because the PSBs discharge various social and national obligations, and also operate branches in remote and unbanked areas of the country where margins are low. As on March 2007 and 2008, ROE of PSBs stood higher than that of private sector banks. The details of PSBs and private sector banks on key performance parameters are indicated below:-

(Amount Rs. in crore)

Items	March-2007		March-2008	
	Public sector	Private sector	Public sector	Private sector
1	2	3	4	5
Deposits	19,11,993	5,43,361	23,56,776 (23.26)	6,66,637 (22.69)
Advances	13,73,777	4,20,145	16,96,929 (23.5)	4,72,345 (12.42)

1	2	3	4	5
Net Profit	20,152	6,465	25,622 (33.6)	8,649 (33.78)
Market share (%)	70.34	21.23	69.96	21.19
CRAR (%)	12.36	12.01	12.51	14.34
ROA (%)	0.82	0.81	0.89	0.99
ROE (%)	13.62	11.59	13.72	9.56

(Figures in brackets indicate growth percentage for the year 2007-08)

(c) To improve the health of the banking sector in India in general, and that of Public Sector Banks (PSBs) in particular, and also to bring it at par with international standards, the Reserve Bank of India (RBI) has prescribed measures for strengthening of risk based prudential supervision for capital adequacy standards on the lines of the Basel Committee norms, etc. coupled with wide ranging steps undertaken by the Government. After initiation of reforms in early 1990s, financial performance of the banking sector has improved significantly. Balance sheet and profitability indicators *viz.* ROA, Net Interest Margin, Non-Performing Assets (NPAs) Ratios, Provisioning and Classification norms for NPAs, Capital Adequacy Ratio etc. suggest that the Indian banking sector now compares well with global benchmarks. Further, to facilitate quick and efficient decision-making and to provide sufficient managerial autonomy to the Boards of public sector banks to be able to compete internationally, Government announced as Autonomy Package in February, 2005 for these banks. The Government has also put in place a mechanism to monitor the overall performance of PSBs on the basis of the 'Statement of Intent on Annual Goals (SOI)' submitted by them on various performance parameters including deposits, advances, non-performing assets (NPAs), cost to income ratio, return on assets (ROA), profit, etc. These steps taken by the Government/RBI have also contributed towards overall increase in profits of PSBs during the years 2006-07 and 2007-08.

Foreign exchange reserves

2412. SHRI RAMA CHANDRA KHUNTIA: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact the foreign exchange reserves of India has been reduced to a great extent and the value of Indian rupee also has been considerably reduced as compared to the US dollar;

(b) if so, whether it will have a negative impact on our economy; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The exchange rate of the rupee moved from a level of Rs.39.97/US $ as on end-March 2008 to Rs.44.21/US $ on September 1, 2008 and further to a peak of